

# Democrats Call on GOP to Work Together to Pay America's Bills, Reduce the Deficit

*“[N]o one should inaccurately minimize the risk of tampering with the markets’ faith in U.S. credit and credibility. In the end, the debt ceiling must be raised, and the Bernanke-Elmendorf warnings about the consequences kept in mind. The need to raise the debt ceiling reflects past choices, not future ones. The latter will be difficult enough. They will become even harder if politicians allow the United States to come close to default.”* [Washington Post, [06/19/11](#)]

Last week, leading economic officials joined business leaders, economists and Wall Street executives who have warned about the consequences of suggestions that America may not pay its bills.

Non-partisan Congressional Budget Office Director Douglas Elmendorf warned risking default is a dangerous gamble—one that would increase the deficit substantially:

*“If Treasury rates moved up by just 10 basis points over the next decade, that would add \$130 billion to interest payments over the decade,” Elmendorf said. A basis point is one-one hundredth of one percent. Thus, according to Elmendorf, each 0.1 percent increase in interest rates on U.S. Treasuries would amount to a significant increase in U.S. debt.”* [Talking Points Memo, [06/14/11](#)]

And Federal Reserve Chairman Ben Bernanke also warned against undermining confidence in our economy:

*“The fact that many other government payments would be delayed could still create serious concerns about the safety of Treasury securities among financial market participants. The Hippocratic oath holds that, first, we should do no harm. In debating critical fiscal issues, we should avoid unnecessary actions or threats that risk shaking the confidence of investors in the ability and willingness of the U.S. government to pay its bills.”* [[06/14/11](#)]

He also made it clear that the economy should not be held hostage:

*“I fully understand the desire to use the debt limit deadline to force some necessary and difficult fiscal policy adjustments, but the debt limit is the wrong tool for that important job... Failing to raise the debt ceiling in a timely way would be self-defeating.”* [[06/14/11](#)]

We must take these warnings seriously and act quickly to give businesses and the markets certainty. Democrats continue to call on Republicans to stop holding the economy hostage by suggesting America may not pay its bills, and instead work with us to ensure we pay our bills and take real, bipartisan action to reduce the deficit with a balanced approach that puts everything on the table.